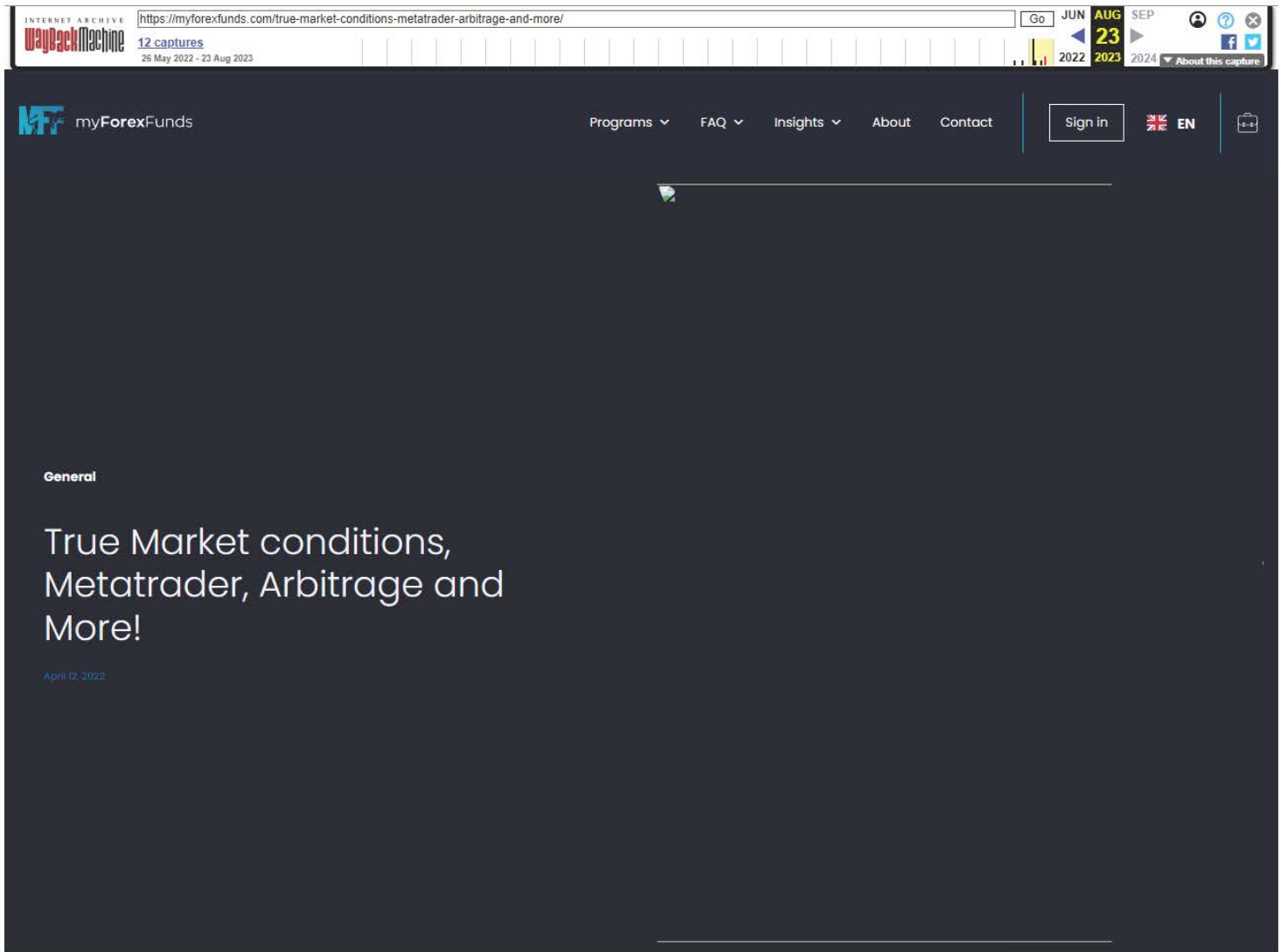


# Exhibit I



At MyForexFunds, the majority of our trading family are legitimate traders looking to make their break into trading full time as professionals. Actually, the traders who make good money regularly trading with MyForexFunds are the reason we, as a company, exist.

There are many newer traders entering the space because of the success that those traders have had and our fortune that the successful traders have been willing to share their success to the world.

New traders may have a trading strategy, be mentored or educated and ready to start trading but do not have experience trading large sizes in true market conditions. We hope to start that learning process through our blogs going forward so that there is understanding.

#### True Market Conditions

The market is made up of a price grid with attached liquidity to it. In futures they refer to this as the "tape" or "ladder". Each price shows its liquidity attached. For example, here is a screenshot of EUR/USD's tape when the market is closed.

Ordinarily, the price would have a size (in millions) next to it, for example the 66.5 figure above could say 30, meaning there is 30 million USD attached to that price or 300 lots in metatrader terms.

Why is this important? Because if you are fighting many other traders for the same liquidity on the same price, only one person can take that liquidity. A queue is formed and based on the fastest to hit that price the price is given. If you fail to get the liquidity at that price, you are instantly moved to the next price with

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liquidity. This creates what is called "slippage".

Slippage occurs when there is not enough liquidity at market to fill your price so you are filled at the next available price for your ticket size. It is naturally occurring in the market, especially for traders who trade larger ticket sizes and heavier volume. Scalpers, depending on the liquidity provider, also have more slippage as not all liquidity is built the same and some orders, especially larger orders that have high frequency, are rejected by certain liquidity providers that provide volume at low spreads. Scalping flow is considered "toxic" so liquidity providers to fill those orders must be willing to take on toxic flow.

Toxic flow is charged by liquidity providers at a premium. Scalping flow in general needs to be mixed with other flow to maintain low cost trading otherwise the spreads for trading will widen as the liquidity providers who provide the tight bid and ask will drop off the feed and only the ones willing to accept toxic will remain.

When a large number of scalpers all attack the same price, this can cause irregular fills for ordinary traders and can result in slippage that would otherwise not be there.

#### **METATRADER 4**

Metatrader 4 is one of the oldest trading platforms out there. It is very new-user friendly and provides sufficient tools for an individual trader to be profitable. Metatraders coding language for Expert advisors (MQL4) is an altered version of C++ and can be extremely buggy and lacks sophistication. There is very limited ability to create an expert advisor that survives the long term in trading due to the lack of sophistication in the language and the bugginess of the platform. The majority of successful automated traders are using python and connecting to a trading server using API.

The majority of successful expert advisor traders fall into 3 categories:

Arbitrage traders – Traders taking advantage of price inefficiencies/delays from liquidity and the metatrader settings that control slippage to get better than market prices before the price changes

Tick scalpers – Who use the same server settings and pending orders to receive better than possible risk set ups and price closure inside the spread at an unavailable price.

Seasonal EA's – Which work during certain market conditions but fail when the market changes

In MQL4 you cannot successfully build a self learning expert adviser because the language is too basic. Once upon a time Neural Networks in MQL4 were once a big thing until they weren't. It was spurred on by the success of a single trader who managed to fit his Neural Network to market conditions for one month and win the EA championship many years ago. Since then, no successful Neural Network MQL4 EA's have really taken off as they fail to keep up with market changes.

Metatrader 4 is highly inefficient on its back end with price delays sometimes up to 300ms compared to what the market is at. Because of this, users are able to find ways to game or cheat the system and create amazing results that don't work when you are actually filling orders.

The way to catch these traders is simply comparing their trade in metatrader with the trade at liquidity. If the majority of orders are shown to be better prices than liquidity is offering, then the user is targeting invalid prices (arbitrage).

#### **Arbitrage (Or latency arbitrage)**

Latency Arbitrage has been around in Metatrader 4 for a long time. No broker pays out anyone who uses it, it doesn't represent real trading and anyone who is doing it, does so knowingly.

It occurs when a user has a price feed that is faster than the terminal they look to execute on. So they take the price movement on the fast feed to execute trades on the slower feed. They know the price move before it happens due to the inefficiencies of metatrader. If they were to try to execute the same trade on

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the fast feed, or a feed equally as fast, they will slip to the next available price.

### Why does this matter?

MyForexFunds has built a system to try to give the best of both worlds. We try to limit slippage so that our newer traders are more comfortable but also try to maintain a healthy feed representative of true market conditions. As we refine this balancing act, large numbers of arbitrage traders appear, and we have to reject their trading. As more people hear that they can do it on our feed, more people try it, more rejections.

Currently, we cap our slippage on traders because the majority of traders who are trading legitimate methods don't like slippage and it occurs not so frequently, so at execution, we are comfortable taking the hit. When an arbitrage trader comes in, basically every dollar they make there is 2 dollars of loss behind it at execution due to slippage and the fact that every trade they make is an attempt to get better than market positions.

If a user is using a strategy that is taking advantage of Metatrader 4 (as per our rules) we have to either a) Ban them from our services or b) adjust the trades to match the fill we received at liquidity.

Unfortunately, many of our perspective traders are purchasing EA's with the promise of glory and gold that they don't know what the EA actually does. Instead they are believing the sales pitch of an otherwise shady vendor that it's the most amazing thing on the planet that makes money and is legit, when its actually a tick scalping or arbitrage mechanism built to defraud brokers, prop firms and you, the consumer due to the inefficiencies of metatrader 4 (and 5 before that argument comes up).

If you do not know how your expert adviser works, including its logic, we suggest you do not use it as it may just lead to you getting your account suspended due to attempts to hit old prices.

Whether you choose to use MyForexFunds or any other prop trading firm, we recommend you have full control over your strategy because sometimes it is possibly to unwittingly deceive and it can lead to problematic circumstances. Prop trading after all is about YOUR ability to trade and not the ability of someone else.

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